# Montana Renewable Resource Grant and Loan Program

## Application Supplement to the Uniform Application for Public Facility Projects

## Application Instructions and Forms for Governmental Entities

**Application Deadline:**
**May 15, 2008**

**Department of Natural Resources and Conservation**
**Resource Development Bureau**
**P.O. Box 201601**
**1625 Eleventh Avenue**
**Helena, Montana 59620-1601**

**Telephone: (406) 444-6668**
**Fax: (406) 444-6721**
**Web Page: http://www.dnrc.mt.gov/cardd**

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# The Renewable Resource Program
# Instructions and Forms for Grant and Loan Applications

## General Information

The Montana Legislature established the Renewable Resource Grant and Loan Program to enhance Montana's renewable resources. The program is administered by the Resource Development Bureau of the Department of Natural Resources and Conservation (DNRC). This program is funded through interest accrued on the Resource Indemnity Trust Fund (RIT).

Governmental and private entities are eligible to apply for renewable resource grants and loans. The application forms in this booklet are for **governmental entities only**. If you have prepared your application using word processing software, please include a copy of the application in digital format.

**This application is available electronically on the DNRC website at http://www.dnrc.mt.gov/cardd**

## Public Facility Project Applications

Applicants for public facility projects (drinking water, wastewater, and solid waste projects) must submit the *Uniform Application for Montana Public Facility Projects* in lieu of Steps 1, 3, 4, and 6 of this application. Public facility project applicants must complete Step 2 (Proposal Abstract), Step 5 (Project Management Plan), and Step 7 (Resource and Citizen Benefits) of this application. A separate supplemental form containing Steps 2, 5, and Step 7 is available from DNRC.

## Submittal Information

Please include a digital copy of the application. Identify the software used and the names of all files. Applicants should submit **the unbound original and three (3) additional copies** of the application, including copies of all supporting documentation and a **$250 application fee**, to:

**Montana DNRC**
**Resource Development Bureau**
**P.O. Box 201601**
**Helena, MT 59620-1601**

**Phone: (406) 444-6668**
**Fax: (406) 444-6721**
**Website**: **http://www.dnrc.mt.gov/cardd**
**(all applications available electronically on the DNRC website)**

## Application Deadline

Application forms must be **hand delivered to DNRC or postmarked no later than May 15, 2008.** If you have questions, please contact our office at (406) 444-6668.

## Applicant Eligibility

### Grants and Loans for Governmental Entities

Eligible applicants include any division of state government, tribal government, or other county, city, or local political subdivision. These entities, called governmental entities, have included cities, towns, counties, county conservation districts, water and sewer districts, school districts, irrigation districts, joint boards of control, state agencies, and universities.

## Project Eligibility

The types of projects eligible for funding are specified in 85-1-602, Montana Code Annotated (MCA).

*[1] Either grants or loans may be provided to fund the following types of projects:*
*(a) feasibility, design, research, and resource assessment studies;*
*(b) preparation of construction, rehabilitation, or production plans; and*
*(c) construction, rehabilitation, production, education, or other implementation efforts.*

Renewable resource projects, including water conservation, water quality, forestry, air quality, resource education, waste management, and other renewable resource-related projects, are eligible to receive grant and loan funding. Projects must enhance the common well-being of Montanans through management activities that accomplish the conservation, development, or preservation of a targeted renewable resource. Projects that have received funding in the past include research and demonstration of improved farming practices, water conservation, resource planning studies and education, improved forest resource management, and development of better access to recreational opportunities.
Other eligible projects have produced feasibility and design studies for renewable resource projects. Numerous community infrastructure projects for water supply, wastewater, and solid waste facilities have received funding under this program. Funding is available for both preliminary engineering/design and construction of these facilities.

Eligible water-related, renewable resource projects include projects to construct or repair works for the purpose of irrigation, flood prevention, drainage, or the supply of water for public, domestic, industrial, stock, fire protection, or other beneficial uses. Eligible projects also include those for the preservation or benefit of fish and wildlife; improvement of public, water-based recreational opportunities; and development of renewable energy projects.

The RRGL program funds watershed projects that protect and improve water quality. Projects that control erosion, restore riparian zones, and help plan for the management of surface water and groundwater sources, have received funding. Recreational projects that do not have resource benefits like municipal swimming pools or golf course developments are less likely to receive funding.

In addition to applicant qualifications and project type, to be eligible for funding, projects must also: be financially feasible, result in beneficial or nonsignificant environmental impacts, have an adequate project management plan, be technically feasible, and result in identifiable resource or citizen benefits.

## Funding Selection

After grant applications are received, DNRC staff, with assistance from consultants, will review the applications and make recommendations. The DNRC director and the governor then review the recommendations. By January 2009, these recommendations will be finalized and submitted to the Montana Legislature for approval. Legislative authorization will be completed near the end of April 2009. Successful applicants may execute Grant Agreements and Bond Purchase Agreements with DNRC after July 1, 2009. These agreements must be made before incurring expenses on the projects. Any expenses made before an executed grant agreement will NOT be reimbursable.

**For a complete discussion of the criteria for ranking grant applications, please see Application Ranking Criteria beginning on page 4.**

## Funding Limitations

### Grants

Funds are appropriated directly by the Legislature based on recommendations from DNRC. DNRC limits its grant funding recommendations to a maximum of $100,000 for any one renewable resource project.

### Loans

DNRC does not put a specific limit on the recommended loan amount. The limit is essentially the maximum amount that can be borrowed by the local government and repaid. Local governments enter into debt by issuing bonds. The type of bond that needs to be issued depends on the type of local government and the source of revenue used to make the payments. There are basically two categories of bonds: Revenue bonds pledge the revenue of a system and are generated through rates and charges for the use of the system; in a tax-backed bond, the taxing authority of the local government is pledged as the source of repayment.

Drinking water and wastewater projects are encouraged to apply to the State's Revolving Fund (SRF) loan programs. These SRF loan programs are specifically designed to provide below-market interest rates for these types of systems. However, some renewable resource projects are not eligible for funding under the SRF programs. An example would be rehabilitation of an irrigation diversion dam. For these projects, the Renewable Resource Loan Program provides an excellent source of loan funds. If the applicant can demonstrate a high cost of water or other financial hardship, DNRC may recommend a below-market rate loan. The identified cost and financial hardship will be compared to other projects that have been funded by the RRGL program as well as those partially funded by other agencies. The amount of the subsidy depends on the specific RRGL need demonstrated by the borrower.

# Renewable Grant Application Ranking Criteria

As stated under Project Eligibility, projects must be: financially feasible, result in beneficial or nonsignificant environmental impacts, have an adequate project management plan, be technically feasible, and result in identifiable resource or citizen benefits. Projects are compared with each other and ranked on how well they meet these five eligibility requirements. Project ranking is most influenced by the extent to which the project would result in resource and citizen benefits. RRGL program applications are evaluated, scored, and ranked as described below.

**1. Application Summary (no points)**

All applicants must complete this section.

**2. Proposal Abstract (no points)**

The proposal abstract will be incorporated into the RRGL program's report to the Montana Legislature. It is important to provide accurate information that best describes the renewable resource benefits and other merits. The proposal abstract, DNRC ranking recommendations, and public testimony are the primary sources of information used by the Legislature to assess the merits of a project. The abstract should be no more than 300 words.

**3. Financial Feasibility (-100 points)**

Financial feasibility is determined from information included in the application. DNRC evaluates the financial feasibility of the proposed project or study based on the budget submitted with the application, the affordability of the project to the users, and the feasibility of the proposed funding scenario. Deficiencies in the financial plan could result in the loss of up to 100 points.

**4. Adverse Environmental Impact (-100 points)**

Each application includes an environmental evaluation prepared by the applicant or its consultant. In the case of public facility project applications, the environmental evaluation is part of the Uniform Application and is reflected in the Preliminary Engineering Report. Short-term impacts, including temporary construction impacts, should be addressed as well as long-term impacts, both positive and negative. Inadequately evaluating environmental impacts, or selecting alternatives resulting in adverse environmental impacts, could result in the loss of up to 100 points.

**5. Project Management and Implementation (-100 points)**

Each application includes a project management and implementation plan. DNRC evaluates the plan to determine the adequacy of the applicant to manage or provide for management of the proposed project, including records management and grant and loan administration. Specific areas that will be evaluated include staffing and coordination, public involvement, and contract management (including the management of all grant agreements), contracts with consultants, and construction contracts. Past performance on DNRC contracts will also be evaluated. Deficiencies in project management and implementation could result in the loss of up to 100 points.

## 6. Technical Feasibility (400 points)

An outline for the Technical Narrative is included in Step 6. Technical Presentation of this application booklet. For public facility projects (sewer, water, or solid waste), the *Uniform Preliminary Engineering Report for Montana Public Facility Projects* outline contained in the Uniform Application for Montana Public Facility Projects provides the basis for the technical presentation. To facilitate the review of the Technical Narrative or Preliminary Engineering Report, it is recommended that the appropriate outline be followed to the greatest extent practicable. The Technical Narrative or, in the case of a public facility project application, Preliminary Engineering Report, provide DNRC with the information used to evaluate the technical feasibility of the proposed project and could result in the award of up to 400 points. Each application will be evaluated according to the following criteria:

**A. Compliance with the prescribed outline and required information.** It is not a requirement that the outline be followed line-by-line. However, it is a requirement that all of the items contained in the outline be addressed. If an item contained in the outline is not applicable to the project proposed, the rationale for that determination must be explained. To facilitate an accurate verification that the technical presentation is complete, follow the applicable outline as closely as possible.

**B. Adequacy of the alternative analysis.** Provide a description of each alternative, including environmental impacts and costs. The reasons for selecting the preferred alternative must be included in this analysis. It is recommended that a graphic comparison chart be provided clearly demonstrating the relative pros and cons of the various alternatives.

**C. Adequacy of cost estimates for potential alternatives and the preferred alternative**. To facilitate an adequate evaluation of the cost estimate, provide a cost estimate broken down into unit costs for the major items that comprise the project or study.

**D. Thoroughness and feasibility of the project's implementation schedule.** This information is most effectively presented in graphic form with a detailed explanation for each of the scheduled activities.

**E. The quality of supporting technical data submitted with the application.**

## 7. Resource and Citizen Benefits (600 Points)

As stated in 85-1-601, MCA, the purpose of the Renewable Resource Grant and Loan Program is to further the state's policies set forth in 85-1-101, MCA. The conservation, development, management, and preservation of water and other renewable resources are high priorities because a large portion of Montana's present and future economy is based either directly or indirectly on the wise use of these resources. Resource and citizen benefits of proposed projects are evaluated by DNRC and could result in the award of up to 600 points. Resource and citizen benefits associated with each application are evaluated on the basis of the following criteria:

**A. How the project would measurably enhance renewable resources in Montana through implementing one or more of the following management practices:**

Conservation (the efficient and/or sustainable use of a resource) Examples of projects that conserve renewable resources are: installation of new water meters to improve the efficiency of water use and riparian reclamation to reduce soil erosion.

Development (new beneficial and sustainable use of a resource). Examples of projects that develop renewable resources are: increasing off-stream water storage capability, investment in the use of biomass for energy production, or improvements in a regional drinking water system.

Preservation (protection of a resource from pollution, destruction, or neglect). Examples of projects that preserve renewable resources are: a change in the use of agricultural chemicals or improvements in wastewater treatment to eliminate point sources of pollution to water resources.

**B. How the project would contribute to economic development in Montana or help existing businesses.** Examples of economic development improvements include renewable resource projects resulting in new, permanent jobs or contributing to business development.

**C. How a project designed to increase understanding of a renewable resource would benefit Montana citizens.** Examples include research into the presence of an aquifer suitable as a community drinking water source or an evaluation of the impact on stream bank erosion from various flow rates released at a dam spillway.

**D. How the project coordinates with ongoing or planned actions.** How does the project fit into an existing city or county growth plan, or support a watershed group's total maximum daily load plan?

**E. How the project benefits multiple uses.** An example of a project that benefits multiple uses is one that improves water use efficiency for irrigators, which results in higher instream flows and an improved fishery.

**F. Evidence of public support.** Public support can be documented through letters and e-mails from the general public, citizen's groups and governmental entities, and testimony at public meetings.

# Renewable Resource Grant and Loan Program

# Application Checklist

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✓ **Be sure that each of the following items is included in your application. Applications are due no later than May 15, 2008.**

☐ **1. Application Summary**

☐ **2. Proposal Abstract**

☐ **3. Financial Presentation**

☐ **a. Financial Documentation**

☐ **b. Budget Forms**

☐ **c. Applicant Affordability Data**

☐ **4. Environmental Evaluation**

☐ **5. Project Management Narrative**

☐ **6. Technical Presentation**

☐ **7. Resource and Citizen Benefits**

# Proposal Abstract

Prepare a clear and concise description of your proposal that describes how the merits of the project provide benefits that support the purpose of the Renewable Resource Grant and Loan Program. This proposal abstract will be used to inform the review team and the public of the range of proposals submitted. DNRC staff will edit the abstract for spelling and obvious grammatical errors only. Because it will be incorporated into the Renewable Resource Grant and Loan Program's Report to the Montana Legislature, provide accurate information in the abstract that best describes the renewable resource benefits and other merits that will be achieved. Legislative assessment of the benefits of each project will be based primarily on public testimony, this abstract, and ranking recommendations.

Your abstract should contain **no more than 300 words**. Longer abstracts will be returned to you for redevelopment.

**On your own paper, use the following format for your abstract.**

## Proposal Abstract

**Submitted to Department of Natural Resources and Conservation**

**Applicant Name** _____

**Project Title** _____

**Project Description:**

# Project Management Plan

Effective planning and management are essential components of successful project implementation. DNRC is interested in knowing how you plan to control management issues that are keys to successful project implementation. For example, what controls will you implement to ensure that subcontractors will maintain the project schedule and provide timely and accurate progress reporting? What steps will you take to integrate public involvement throughout the project? The outline for the Project Management Narrative addresses the management issues that DNRC will consider in evaluating the feasibility of your project. Applications that do not address the project management components listed below may be ineligible for consideration.

## Instructions for Project Management Narrative

Discuss how you will implement this project from funding through project completion. Use the outline below to organize your presentation. This outline is not all-inclusive; you may wish to address other topics. To complete this section, 450 words or less should be sufficient.

**On your own paper, use the following format for your narrative.**

### Project Management Narrative

**Applicant Name** _____

**Project Title** _____

**Narrative Discussion:**

## Outline for Project Management Narrative

**1.** Identify staff requirements necessary for successful project management. Discuss how you plan to meet those requirements. If possible, identify the members of your project management team including any consultants who will provide project management services.

**2.** Discuss procurement procedures and requirements related to your project.

**3.** Discuss any coordination activities with other local, state, or federal agencies necessary to implement the project.

**4.** Discuss how you plan to integrate public input throughout project implementation.

**5.** Describe the measures you will take to manage consultants who are responsible for completing major project tasks. Discuss the steps you will take throughout project implementation to remain current on the status of consultant activities as project tasks are completed.

# Resource and Citizen Benefits

## Instructions for Resource and Citizen Benefits Narrative

Use the Outline for the Resource and Citizen Benefits Narrative on the following page to organize your presentation. The narrative should contain information sufficient for the DNRC to determine whether and to what extent a project actually enhances a renewable resource. Describe how the project achieves the benefits as described in statute. Grant proposals are ranked according to the renewable resource benefits that will result from project implementation. Projects that achieve the greatest benefits to renewable resources tend to rank the highest for funding purposes. A project that benefits health and safety, for example, would not be ranked high compared to other projects unless it also provided the benefits prescribed in Title 85, Chapter 1, Part 602, MCA. Please see the statute below.

Project reviewers need enough information to determine whether the benefits claimed in your proposal can be measured and are actually attainable. Quantify expected benefits where possible. Projects having anticipated measurable results tend to rank higher when compared to projects with indeterminate benefits.

If you have completed objective studies that assess your project and its potential benefits, provide copies of these studies as attachments. If you have not conducted a formal benefit analysis, describe the process you used to assess and, if possible, quantify the benefits of your project.

***85-1-602, MCA***

*(1) Objectives: The department* [of Natural Resources and Conservation] *shall administer a renewable resource grant and loan program to enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources. Either grants or loans may be provided to fund the following:*

*(a) feasibility, design, research, and resource assessment studies;*

*(b) preparation of construction, rehabilitation, or production plans; and*

*(c) construction, rehabilitation, production, education, or other implementation efforts.*

*(2) Projects that may enhance renewable resources in Montana include but are not limited to:*

*(a) development of natural resource-based recreation;*

*(b) development of offstream and tributary storage;*

*(c) improvement of water use efficiency, including development of new, efficient water systems, rehabilitation of older, less efficient water systems, and acquisition and installation of measuring devices required under 85-2-113; and development of state, tribal, federal, water projects;*

*(d) water-related projects that improve water quality, including livestock containment facility projects;*

*(e) advancement of farming practices that reduce agricultural chemical use; and*

*(f) projects that facilitate the use of alternative renewable energy sources as defined in 15-6-225.*

*(3) The renewable resource grant and loan program is the key implementation portion of the state water plan and must be administered to encourage grant and loan applications for projects designed to accomplish the objectives of the plan.*

**Applicant Name** _____

**Project Title** _____

**Narrative Discussion:**

## Outline for Resource and Citizen Benefits Narrative

The outline below addresses the topics that DNRC will consider in evaluating the renewable resource benefits of your project. This outline is not all-inclusive; you may wish to address other topics**. Information provided in response to this part of the application will count for 60 percent of the project's total points in ranking.** Studies will be assessed on the basis of the potential benefits that would occur from actions taken as a result of the knowledge or understanding gained from the study.

1. Describe how the project will enhance renewable resources in Montana. Be specific and quantify benefits when possible. Refer to the broad renewable resource benefits eligible for RRGL funding listed at the end of this section.

2. Describe how the renewable resource project will contribute to economic development in Montana or help existing businesses. Be specific and quantify when possible. For example, how would the project result in increased employment, attract more tourists, grow value-added crops, improve the balance of trade, or restore resources that support an economic concern?

3. Describe how the project is coordinated with ongoing or planned actions. For example, is the project included in the state water plan? Or is the project prioritized in a watershed plan? Or is the project coordinated with a transportation project?

4. Indicate whether the project has multiple-use benefits. For example, does a stream bank restoration project have fisheries benefits? Or does a dam rehabilitation project have irrigation and recreation benefits?

5. Include documentation of public support such as letters and public meeting minutes. Letters of support must be specific to the proposal submitted. The DNRC will not recognize letters of support for past proposals.

6. For research projects or studies, describe how increased understanding of a renewable resource will benefit Montana citizens.

Renewable Resource Benefits Eligible for RRGL Funding {85-1-602(1), MCA}

The RRGL program funds projects that conserve, protect, or develop natural resources such as water (streams, rivers, lakes, groundwater, wetlands), fisheries, wildlife, rangeland, wind, soil, desired vegetation, biomass (biological material which can be used as fuel), timber, biodiversity, and other renewable resources**. Projects must implement resource management activities that accomplish one or more of the following objectives:**

**Resource conservation**
Promote efficient and/or sustainable use of a renewable resource.

**Resource preservation**
Protect renewable resources from pollution, destruction, or neglect.

**Resource development**
Develop new beneficial and sustainable use of a renewable resource.
Development activities funded under this program cannot significantly diminish the quality of existing natural resources.